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QUESTIONS

AS TO

ECONOMICAL FALLACIES

WHEN APPLIED TO

HEAT PRODUCTION

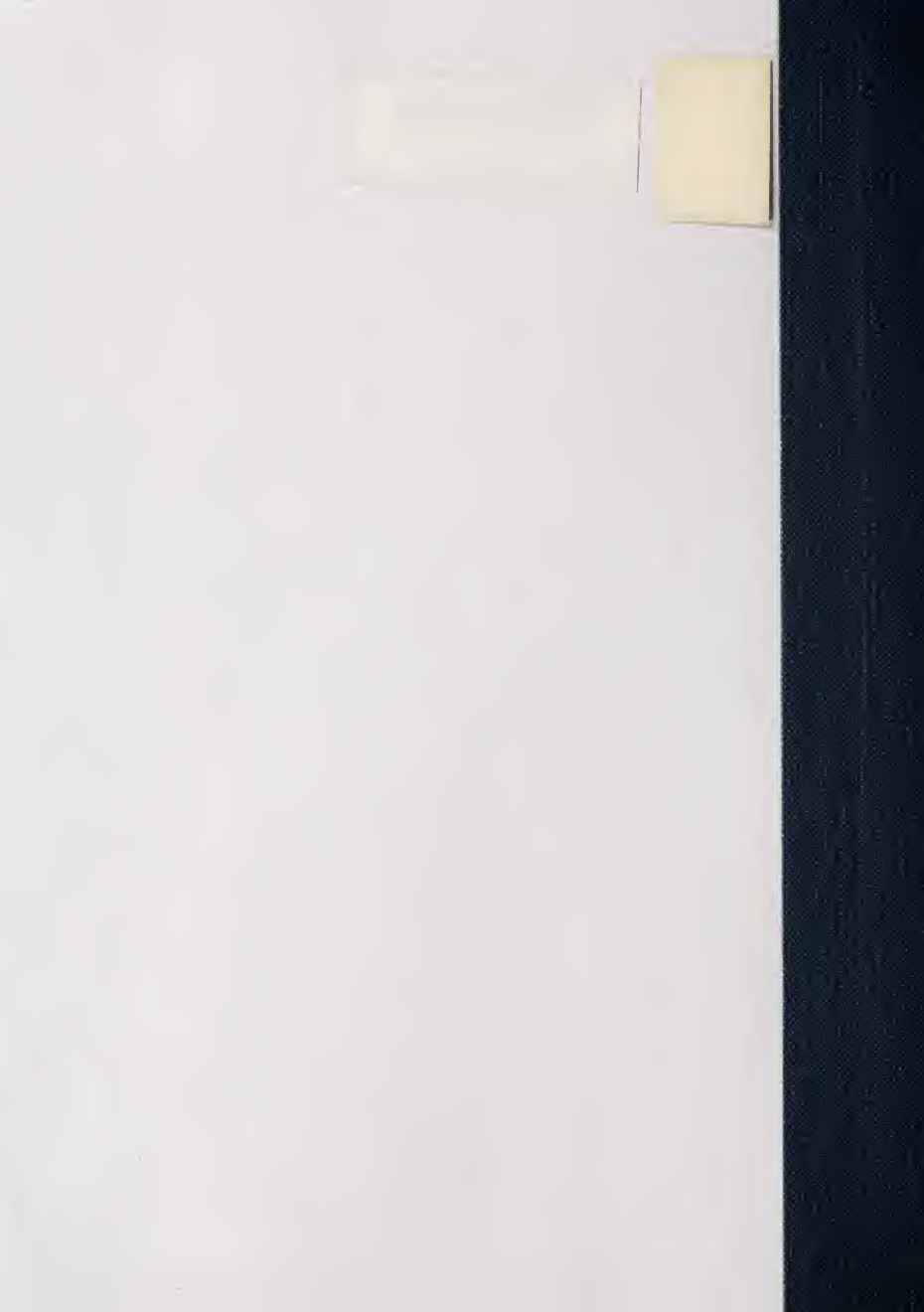
IN THE UNITED KINGDOM.

2320/1
READ BEFORE THE PRESIDENT AND MEMBERS OF THE
TUNBRIDGE WELLS FARMERS' CLUB,

F. T. HAGGARD,

1891.

TUNBRIDGE WELLS :
"COURIER" PRINTING AND PUBLISHING COMPANY,
GROVE HILL ROAD.



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23rd Oct
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1 BROADWATER DOWN,
TUNBRIDGE WELLS,
27th August, 1891.

GENTLEMEN,

I APPEAR before you to-night, your President having requested me to read a paper treating upon subjects similar to those which appeared in a letter addressed by me to the Editor of the *Courier*, and published in the issue of 21st August, and to which request I feel a pleasure in trying to respond.

It is fortunate for me that your President has allowed me a choice of subjects with which to deal, as I am altogether incompetent to discuss Agriculture and its surroundings, and if I were to attempt to do so those present whose lives are given to it would soon convict me of that "little knowledge," which "is a dangerous thing." I will try, therefore, to introduce to your notice some general ideas, and which not only concern all of us who are here assembled, but the whole population of the United Kingdom; in fact are national questions; and I venture to think the longer they are neglected so much the worse for our future success, especially whilst the whole outer world is competing to supply us and do our business for us.

I consider that the first principle to admit is that—

No. 1.—Agriculture is a nation's first necessity,
and then that

No. 2.—Production must precede consumption;
Producers therefore stand in front of
Consumers.

No. 3.—Man is a human machine, requiring food as his fuel, and the better it is the higher-classed machine will he become; whether his power of brains or body be considered.

No. 4.—Our internal and our external trading accounts must be dealt with and kept apart as two distinct systems, so as to understand trade inside our circle and commerce outside it.

No. 5.—Our Import and Export accounts refer to the nation's power of buying and selling, in the same way as a man's income does in his private capacity within our home circle; the question in either case being, Does the income cover the purchases?

No. 6.—That if cheapness (in a national sense too often an erroneous term when we buy of the foreigner) is to be the supreme element in trade and commerce, then perhaps the outer world will by degrees become the eventual producers for us, and we as consumers must then find out how to exist without being producers, or go to the wall.

No. 7.—Our food Imports are already vastly increasing year by year; whilst our Exports do not keep pace with these demands.

No. 8.—How, viewing the present balance of Imports over Exports, which appears to increase year by year, do we propose to Import and pay for food to meet the demands of the increase of population which will be added in the next 20 years ?

No. 9.—Is, or is not, “an ounce of practice worth a ton of theory ?”

No. 10.—Are we, or are we not, the best buyers for the outer world to court ? and, as such, are we not possessed of greater strength and prestige than some people appear to be willing to concede to us, when we discuss Imperial Federation and Preferential Treatment within the Empire.

As to subject No. 1, I cannot understand how such a large population as we possess can be indifferent to the success of Agriculture at home ; crammed too, as over 37 millions of us are into so small a space. That we only have something more than one acre under cultivation per head of our population, should appeal to our common-sense as an incentive to grow as much as we can, the more especially when wheat is considered. Viewing the fact that we can produce more wheat per acre, and of the highest quality for bread making, than any foreign acre can do, and we can select countries where it would require three acres to produce quantity against our one, it seems sinful that our wheat-growing should decrease, and not increase. Whatever the causes are which bring about such a state of things they should surely be dealt with. Take the question of Tithes. Why, gentlemen, we import

from abroad in a year corn and flour, meat, hams, butter, eggs, bacon, beef, lard, animals, and sheep ; in fact, agricultural produce, costing 100 millions, which amount yields not a penny in that direction. Any nation which can be styled self-contained, that is, with acres enough to grow its own food, provide its own Mineral resources and clothing, etc., etc., and able to meet the further requirements of an increasing population, that nation is independent of the outer world, and can dispense with the necessity of importing. We are not in that happy position, and that is all the greater reason why we should render ourselves self-contained in one respect, viz., that of growing our own wheat, we could do so by having 6 or 7 millions of acres under wheat cultivation, and as it appears we should obtain a fourth more food by having our bread made of whole meal, with only the coarser part of the bran extracted when making the flour, it follows that fewer millions of acres would suffice. All that stands in the way of this consummation is the price of wheat, and at present, English wheat prices, I fear, are governed by the lesser valuable foreign imports. From 1880 to 1889, the price of wheat averaged 37s. per quarter, and yet three of those years saw it at about only 30s. It is now 40s. per quarter. In the previous 10 years, the average was 45s. Had not the freight from America fallen to almost nothing from 10s. per quarter, wheat at this moment might have been 50s. per quarter. I maintain that the greatest prospect of ensuring a loaf at a fairly average price is to grow our wheat at home, and the public at large are only drawn aside from the wisdom of such a proceeding by the big loaf "bogies." As we are now dependent upon two-thirds of our wheat coming across the sea (and so we should be if it came from our Empire) a war may teach us a lesson. Bread was at 11d. per 4lb. loaf in the Crimean

War, and France fighting with us, with several millions more to feed and much less land under wheat acreage, we shall be fortunate in case of war if it did not go higher than 1s. per loaf; but, gentlemen, that means in a whole year the consumers in this country would pay more for their bread, as compared to 5d. a loaf to the extent of £109 millions sterling cash down. Gentlemen, what would be the loss of interest in perpetuity on the swamping of that amount? Our farmers would gain, no doubt, on the wheat they grew, but the foreigner would gain on two-thirds against our one-third, meantime the consumers would be sorely hit. A working man probably consumes in a year 120 4lb. loaves, and 120 times 7d. per head would be a trial. It appears to me to be self-evident that from being so dependent on the outer world for our various supplies, we should produce all we can, and spend as much money with our home producers as possible, who, in their turn, will spend more upon wage earners. Millers could spend at least a further £ million a year on wages if we imported wheat instead of flour, and we should obtain a fourth more food by making it into "whole meal." Why do we thus throw away probably a million-and-a-half each year? Because of the nonsense that is talked about protection. If there were a duty upon flour, the nation would make a great profit and without causing any addition to the price of wheat.

As to point No. 2.—Production must precede consumption, and the producers cover the interests of consumers, the more producers there are, so much the better for consumers, and the latter term includes the former. If we do not enable our producers to obtain fair profits, then how are they likely to be able to pay good wages? The price of a commodity must contain sufficient to re-

munerate wage earners, provide materials, interest on capital, and allow a profit to the distributor, and so far as the Agricultural element is concerned, in comparison with that of the distributor, the present system is unfortunately against the producer, who does not appear to receive his fair proportion of the prices paid by the consuming public in general. Mr. D. Tallerman, in his work to which I referred in my letter to the *Courier*, suggests methods whereby this state of things can be ameliorated, but that is a question for you to judge of.

As to point No. 3.—Man has good food provided for him by his Creator, and it could be wished that adulteration were unknown, and children of the present day would be furnished with better teeth were they fed upon bread made of whole meal and made from English flour, but the folly of the age has been exhibited by our asking our bakers for white bread, which is not the nourishing bread, so that digestion, mastication, and bone making processes are interfered with, and we have not the health and strength we might have, and as foreign hard wheat when made into flour, absorbs water to equal 10 more four pound loaves than can be made with a quarter of English wheat, so much the greater reason have we for making bread out of English flour, which is at present used in many cases to bring up the flavour of foreign wheat. As a working man probably consumes in a year 120 four pound loaves, it is not pleasant information for him to hear that he may be paying for 9 more loaves as water in a year than would be the case when made with English flour. Let him demand bread made of English flour, and we shall produce it. He evidently could do with 9 loaves less, and get more nourishment from 111 loaves than from 120; and 9 loaves at 6d. enable him to spend

4s. 6d. more either on better bread or in other directions ; if he and his family count as five persons, it is a question of 22s. 6d.

As to point 4, referring to keeping our home and foreign business as two distinct accounts.—Just because we are considered a rich country, we are lulled into apathy (notably by so-called Free Traders), not one person in a hundred realizing that wealth capitalized at home does not enable us to buy of and pay the foreigner for Imports. We can only pay him by Exports, and by charging him freight also interest on the money lent to him. We cannot send the interest of our home investments out of the country ; and but for the methods I have named, one year's Imports of food alone would take every penny in coined money that we possess. Dr. Giffen, C.B., our well-known statistician, has capitalised us at £10,000 millions, £1,000 millions of that (or perhaps more) is put down to foreign investments, and it is with the interest of that sum that we receive goods which to that extent we do not require to meet by Exports, and so with freights. If we charge the foreigner £30 to £40 millions for shipping goods out and home, then to that extent again we can Import goods without making Exports ; so that if our foreign investments bring us in £50 millions, we can from these two sources acquire £90 millions worth of goods without finding a similar value in Exports. Any Imports in excess of our Exports, freight, and interest will have to be met by parting with some of our outside securities. Our excess of Imports over Exports in 1889 was nearly £113 millions. As we acquired the £1,000 millions of foreign securities silently, over the successful past, so may we be silently parting with some of them. Our interest upon outside securities has in the case of our Colonies dropped

a good 2 per cent.—say from 6 to 4 per cent. ; so that our buying power against capital is less. Our food Imports must increase ; that needs no argument. We increase our population, and we have entirely to find their food by Imports, and as wheat has already risen from 30s. to 40s. per quarter, there will be a great rise this year in the cost of wheat and flour Imports.

As to point 5, and our power of buying and selling from the outer world—I will attempt to show the difference between dealing at home and abroad, so as to enable you to see that our incomes here (in our inside circle) do not enable us to remit them in payment for goods—Mr. Goschen, Chancellor of the Exchequer, has to borrow at the lowest rate of interest possible, and he has to pay two and three-quarters now instead of three per cent, on the National Debt, let us, for argument, say he saves £1,500,000 a year to taxpayers. This sum has been abstracted from the pockets of 300,000 stock holders, who have that sum less to spend, whilst taxpayers ought, on the other side, to have that extra sum on hand, but that is only a transfer from one set of pockets to another set, and therefore [does not enrich the community ; on the contrary, if the stock is worth five per cent. less than when the interest was three per cent., £30 millions comes off the value of stocks held by the 300,000 persons referred to. So much for the inner circle.

Now let us turn to the million and a half lost by importing foreign flour from the outside circle. If we buy wheat instead of flour, it will cost over a million less, and our import balance will be altered in our favour accordingly, and that million will not have to be earned by freight, interest, or exports, and contrary to the operation to which I have referred to in the funds, will be

entirely a gain to the nation, and the money principally spent in employing millers and their men.

As to point 6, and cheapness—It is manifest that those who can supply goods of equal quality with those which we produce, must beat us, if their wage earners receive smaller remuneration than do ours, and that if when we try to compete with them in supplying goods they impose a tax, or import duty, it is manifest that we shall be eventually handicapped under the double difficulty, as it is; the enormous capital we have invested in shipping, and the competition introduced thereby, has already enabled the foreigner to reap the advantages of competing with us by low freights on goods, and on wheat, whilst the same advantage does not accrue to us in shipping our Exports, because they meet us with duties on our goods, and if our shipowners offered to take out our Exports free of charge, we should again be met by a further rise in duties. A working man is more interested in getting good wages, than are his wife and family in buying cheap goods, unless it can be shown that we can have cheapness, and good wages running neck and neck—a downright impossibility—moreover the wife and family are consumers, whose necessities are covered by the one producer who has to supply them.

Perhaps one of the problems as to labour may be solved in the next 10 or 20 years, and which is; are the wages of good old England to be levelled down to meet those paid to Foreigners, or those of the latter levelled up to meet those we pay in England? Free permit of entry of foreign goods would tend to the levelling downwards, if we can maintain our rates of wages then to the levelling upwards.

As regards points 7 and 8, and the increase of our food Imports without a corresponding increase in Exports, I may remark that if our population increases in the next 20 years as it has done in the past, we shall probably require the best part of £1,000 millions sterling for Imports of food for that increase alone.

I can almost imagine I hear you utter the word "impossible." Well, gentlemen, you of all others to whom I could address myself, must know only too well what were the average prices of wheat in 1887 to 1889 inclusive, viz., £1 12s. 6d., £1 11s. 10d., and £1 9s. 9d. per quarter, and the consequent lower prices of barley and oats in those years are also known to you, and yet in the face of these lower prices the following figures show a rise in 1889 over 1886 of £27,700,501 in the cost of imported food, corn and flour alone having risen from 126,061,268 cwts., in 1886, to 149,339,769 cwts. in 1889, and in money from £43,548,179 in 1886 to £51,185,651 in 1889. Animals from £5,068,846 to £9,069,327. Butter and margarine show a rise of nearly £3,000,000; beef over £1,000,000; meat, £1,500,000, and so on with other items.

The following figures will enable you to calculate the cost of imported food as suggested for the 20 years increase of population, by taking the year 1886 and comparing the three following years therewith, and charging that ratio of increase:—

	Cost of food retained for home use.	Balance of Imports over Exports.	Food paid for by Exports.
1886	£130,805,900	£81,196,455	£49,609,445
1887	£137,565,244	£81,464,403	£56,100,841
1888	£143,416,201	£89,750,507	£53,665,694
1889	£158,506,401	£112,931,854	£45,574,547

These are figures worthy of your most serious consideration.

As to point 9, and the ounce of practice *versus* the ton of theory—We must deal with matters as we find them; that is, practical. A man by the name of Windsor, many years ago, said that if he had the capital he would light London by gas. He was ridiculed, and died a poor man. I think it was Dr Lardner who said it was impossible for a steamer to cross the Atlantic, because it could not take the coal. In our early days, Engineers asserted that it was impossible for a locomotive to accomplish more than 40 miles an hour without carriages. Over 40 years ago, Cobden predicted that within a few years the whole world would adopt Free Trade, and he also thought that the price of corn was secured against competition on account of the freight charges. Up to quite recently, it was argued that the fall in price of commodities, when low, was due to what was styled the appreciation of gold. I disputed that assertion, maintaining that supply and demand governed us; that wheat fell not on scarcity of gold, but on foreign competition; and land fell by wheat being less cultivated, and a lower rent being the consequence. What do we now find? Why, that London is lighted by gas, that steamers do cross the Atlantic, that a locomotive with carriages can accomplish more than 60 miles an hour, that Cobden's idea of Free Trade has never come off, and the freight which was to protect corn from entering cheaply into competition has so fallen as to enable the foreigner to beat us; and, lastly, it is now admitted that goods lead the way and not gold.

So much for what has been said and what done in the opposite direction. We are accustomed to hear that we *cannot* grow enough wheat to meet the requirements of our population. I maintain that we *could* do so, and it turns upon the wisdom or folly of our voters, and our

legislators as to whether so desirable a result shall be brought about, it is a question of putting land on an equality with other competitors and the willingness of the public to ask for bread made of English wheat, and to be willing to buy at home and maintain our position as the growers of the best wheat that is produced.

If we could but educate the working man to understand the reasons and advantages in buying bread made of English whole meal, I believe he is so alive to the merits of obtaining the best bread that can be made, that he would willingly pay a penny more for the four pound loaf, and I cannot imagine a wiser way of his expending some of the savings he is about to make by the abolition of school fees. If I am correct, away goes the cheap loaf "bogie," because 1d. per loaf means 10s. a quarter for the producers.

As to point 10, and our position as buyers in the world's markets for the 19 years, 1871 and 1889 inclusive, we have purchased and retained goods for home use

Costing	£3325,905,017
and for food Costing	£2777,738,933

Total ...	<u>£6103,643,950</u>
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So that we have bought nearly six thousand one hundred and four millions of pounds' worth, and we exported British goods valued at £4281,582,442, say, nearly four thousand two hundred and eighty two millions of pounds; thereby showing an excess of Imports over Exports in those 19 years of £1,822,061,508, say, one thousand eight hundred and twenty two millions of pounds.

The cost of freight being included in the Imports, which are much larger than the Exports, there will be the

sum so earned, and the freight on Exports, and the interest on foreign loans to place against this last named balance, but what those separate items are it is impossible to ascertain, and it is to be hoped that our freights and exports and foreign rates of interest on investments may not still further decline.

The figures I have just cited show that our custom is worth fighting for, and I hope that as the outer world has seen fit to place difficulties in the way of selling our goods, that our Colonies may see their way to join us in perfecting Imperial Federation and a preferential dealing within the Empire.

Outside this idea, the advice that I should give to my countrymen with my dying breath would be, *grow your own wheat*.

We read that the more wheat we grow, the more cattle and sheep can we rear. It is, on the other hand, attempted to be shown by the advocates for importing wheat at low prices, regardless of the eventual consequences to our country and to our interests, that when we put land out of wheat cultivation and lay it down in grass, that we shall make it up in food by keeping more live stock. The following figures not only prove the fallacy of the suggestion, but also what a serious adverse difference arises. In 1871-3 the acres under wheat equalled one year's growth on 11,340,845 acres; in 1877-9 one year's growth on 7,601,252 acres.

	1871 to 3.	1887 to 9.
CATTLE ...	29,218,391 ...	31,181,325
SHEEP ...	97,632,546 ...	87,825,240
	<hr/>	<hr/>
	126,850,937	119,006,565
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Here we have an increase of 1,962,934 head of cattle, a decrease of 9,807,306 head of sheep, or a combined diminished average in three years of 7,844,372 head of cattle and sheep, or a yearly diminution of 2,614,790 sheep and cattle, made up of a year's increase of 654,311 head of cattle, and a year's decrease of 3,269,102 head of sheep. The balance in value being considerably against us. In case it may affect the question, I may mention we had an increase in farm and breeding horses of 568,675 and a decrease of pigs of 435,683, in both cases spread over three years.

I shall leave others more competent than I am to compute the loss on the *résumé* of the above figures, viz.: the loss of one year's growth on 3,733,595 acres of wheat, the straw and offal, the value of 9,807,306 head of sheep, from which deduct the value of 1,962,034 head of cattle. Dividing the result by figure 3 will show the loss for one year, and is in favour of the assertion that the more wheat we grew the more live-stock we had; and that therefore we have been subjected to a double loss in the production of Agricultural wealth at home, and consequently we must have had to Import more from the outside circle, and to pay more in value accordingly; and if paid for by Exports at the expense of coal or iron, either as Exports or to produce them, we shall have diminished our capital value by having less for the future; and the deeper we go the more expensive will coal become, thus rendering it more difficult to produce things at a price to enable us to compete with the outer world. I presume that if in growing more wheat it be a fact that we could rear and support more live stock, not only should we then increase our home productions, but it would follow that as nature would appear to be subject to the natural

law of production, decay, and reproduction, the annual increase in manures might be precisely that which she re-claims as a natural contribution towards reproduction, and which may be more fitted to our soils and the growth of wheat than are foreign imported manures, here again would be set up a further creation of wealth, and a corresponding reduction in imports from the outer circle for manures.

It is time we grasped these facts, and that we should strive to get the multitude to "look ahead." Because facilities of transit by rail and steamer are great we are led to believe wheat will always reach us in plenty, but why should we run the risk of being some day starved into subjection? With all the money we spend on army and navy to protect us, why not spend something on ensuring our having bread in the day of adversity by growing our wheat at home, and by doing so, what a vastly larger sum could be spent in wages, to be again spent by wage earners with tradesmen and manufacturers. If we were to lighten the burdens on land to enable you to extend wheat growing, I am quite sure the community would gain. I am not a believer in what is styled the "cheap loaf" when it is principally supplied by wheat from outside our circle, still less do I believe in it when made of foreign "water drinking flour." It is a question for the consideration of the masses, and our difficulty lies in reaching them. I cannot imagine that either the working or the upper classes would any longer submit to eating white bread made of the "water drinking flour" if they could obtain bread made of English wheat flour, and the following computation is instructive on behalf of the first named.

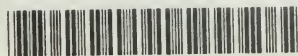
Assume that only one third of the bread is made of "water drinking flour," and that the toilers and their

families number 24 millions of souls, then it is equal to 8 millions of persons being entirely so supplied, and at a consumption of 100 four-pound loaves per head we have 800 millions of such loaves consumed, and taking 8 in the 100 as counting for extra water, as referred to, we have 64 millions of loaves represented by added water, and taking 6d. per loaf amounts to £1,600,000, a dead loss in one year to the 8 millions of consumers, and represented only by water !!

Yours truly,

FREDK. THOS. HAGGARD.

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